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Report of the technical review of the first biennial report of Australia

Developed country Parties are requested, in accordance with decision 2/CP.17, to submit their first biennial report to the secretariat by 1 January 2014. This report presents the results of the technical review of the first biennial report of Australia conducted by an expert review team in accordance with the "Guidelines for the technical review of information reported under the Convention related to greenhouse gas inventories, biennial reports and national communications by Parties included in Annex I to the Convention".

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I. Introduction and summary

A. Introduction

1. For Australia, the Convention entered into force on 21 March 1994. Under the Convention, Australia made a commitment to reduce its greenhouse gas (GHG) emissions by 5 per cent by 2020 below the 2000 level.

2. This report covers the in-country technical review of the first biennial report (BR1)[1] of Australia, coordinated by the secretariat, in accordance with the "Guidelines for the technical review of information reported under the Convention related to greenhouse gas inventories, biennial reports and national communications by Parties included in Annex I to the Convention" (decision 23/CP.19).

3. The review took place from 7 to 12 October 2014 in Canberra, Australia, and was conducted by the following team of nominated experts from the UNFCCC roster of experts: Mr. Leandro Buendia (Philippines), Mr. Ole-Kenneth Nielsen (Denmark), Mr. Ioannis Sempos (Greece) and Mr. Xiaohua Zhang (China). Mr. Buendia and Mr. Nielsen were the lead reviewers. The review was coordinated by Ms. Xuehong Wang (secretariat).

4. During the review, the expert review team (ERT) examined each section of the BR1.

5. In accordance with decision 23/CP.19, a draft version of this report was communicated to the Government of Australia, which provided comments that were considered and incorporated, as appropriate, into this final version of the report.

B. Summary

6. The ERT conducted a technical review of the information reported in the BR1 of Australia according to the "UNFCCC biennial reporting guidelines for developed country Parties" (hereinafter referred to as the UNFCCC reporting guidelines on BRs). The ERT identified gaps and issues in reported information that are summarized in table 1.

7. During the review, Australia provided further relevant information concerning projections, targets, progress towards targets, mitigation actions and provision of financial, technological and capacity-building support. The information provided is described in the individual chapters below.

1. Completeness and transparency of reporting

8. Gaps and issues related to the reported information identified by the ERT are presented in table 1 below.

2. Timeliness

9. The BR1 was submitted on 5 August 2013, before the deadline of 1 January 2014 mandated by decision 2/CP.17. The common tabular format (CTF) tables were submitted on 16 January 2014. The ERT noted the delay in the submission of the CTF tables. During

[1] The biennial report submission comprises the text of the report and the common tabular format (CTF) tables. Both the texts and the CTF tables have been subject to the technical review.

the review. Australia explained that this was due to a technical problem with uploading the CTF tables through the submission portal.

3. Adherence to the reporting guidelines

10. The information reported by Australia in its BR1 is mostly in adherence to the UNFCCC reporting guidelines on BRs as per decision 2/CP.17 (see table 1).

Table 1

Summary of completeness and transparency issues of reported information in the first biennial report of Australia[a]

Sections of the biennial report	*Completeness*	*Transparency*	*Reference to paragraphs*
Greenhouse gas emissions and trends	Complete	Transparent	
Assumptions, conditions and methodologies related to the attainment of the quantified economy-wide emission reduction target	Complete	Transparent	
Progress in achievement of targets	Complete	Mostly transparent	29
Projections	Complete	Mostly transparent	37
Provision of support to developing country Parties	Complete	Mostly transparent	47, 48, 58, 61

[a] A list of recommendations pertaining to the completeness and transparency issues identified in this table is included in the chapter on conclusions.

II. Technical review of the reported information

A. All greenhouse gas emissions and removals related to the quantified economy-wide emission reduction target

11. Australia has provided a summary of information on GHG emission trends for the period 1990–2011 in its BR1 and CTF table 1. This information is fully in accordance with the 2013 national GHG inventory submission.

12. During the review, the ERT took note of the 2014 annual submission. The relevant information therein is reflected in this report. Total GHG emissions excluding emissions and removals from land use, land-use change and forestry (LULUCF) increased by 31.0 per cent between 1990 and 2012, whereas total GHG emissions including net emissions or removals from LULUCF increased by 2.4 per cent over the same period. Emission increases were owing to strong economic and population growth, a continued reliance on fossil fuels for the primary energy supply, growing commodity exports and a growing transport sector. These factors outweighed improvements in the efficiency of energy supply and use. For LULUCF, the emissions have decreased considerably, owing to lower rates of deforestation resulting from changes in economic conditions in the farm sector and regulatory changes to domestic vegetation management frameworks. Further information on the review of emission and emission trends is provided in chapter II.A of the report of the in-depth review of the sixth national communication (IDR/NC6).

13. Emission trends per sector and per gas were sufficiently explained in the BR1. However, the ERT encourages Australia to include emission trend diagrams and emission intensity indicators in the next submission in order to provide the reader with a better understanding of GHG emission trends. Examples of emission intensity indicators that

could be used include the total carbon dioxide (CO_2) intensity per gross domestic product or population and the specific CO_2 emissions of electricity production (t/GWh).

B. Assumptions, conditions and methodologies related to the attainment of the quantified economy-wide emission reduction target

14. In its BR1 and CTF table 2, Australia reported a description of its quantified economy-wide emission reduction target, referred to henceforth as the target, including associated conditions and assumptions. The Australian Government has committed to a target of 5 per cent emission reductions by 2020 compared to the 2000 level. Australia reported in the BR1 two conditional, more ambitious, emission reduction targets, namely emission reductions of between 5 and 15 per cent, and of 25 per cent, by 2020 compared to the 2000 levels based on strict conditions relating to the extent of global action. The unconditional target is considered by Australia to be consistent with a quantified emissions limitation or reduction objective (QELRO) under the second commitment period Kyoto Protocol of 99.5 per cent of 1990 emissions over the period 2013–2020. As reported in the BR1, Australia's Clean Energy Legislation contained a long-term target to reduce Australia's GHG emissions by 80 per cent in 2050 compared with 2000.

15. The target covers all gases (i.e. CO_2, methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3)) and all sectors (i.e. energy, transport, industrial processes, agriculture, LULUCF and waste).

16. During the review, the Party informed the ERT that the Australian Government will review its international targets and consider further action as part of negotiations on a new global climate change agreement in 2015. Australia has not decided yet whether the review of targets will include the 2020 conditional targets or the 2050 long-term target, apart from the post-2020 target. The ERT suggests that Australia report any changes to its targets in its next biennial report (BR).

17. Australia reported in the BR1 that the target was set based on global warming potential (GWP) values from the Second Assessment Report (AR2) of the Intergovernmental Panel on Climate Change (IPCC). During the review, Australia clarified that the target will be based on GWP values from the Fourth Assessment Report of the IPCC in the next submission because those GWP values will be used for the 2015 GHG inventory submission.

18. Australia reported in the BR1 that it will follow the activity-based approach to count emissions and removals from the LULUCF sector in fulfilling the target. Australia will account for activities including afforestation/reforestation, deforestation, forest management, cropland management, grazing land management and revegetation. During the review, Australia clarified that it intends that the base year (2000) will be applied to net emissions due to forest conversion and afforestation/reforestation and for accounting purposes, emissions will be compared to the emissions levels of the base year. Moreover, emissions/removals will be estimated based on methodological guidance in the IPCC *2013 Revised Supplementary Methods and Good Practice Guidance arising from the Kyoto Protocol*. The ERT encourages Australia to include this information in the next BR, in order to enhance the transparency of its reporting of the inclusion of LULUCF activities to fulfil the 2020 target.

19. Australia reported in its BR1 (CTF table 2(e)i) that 100 Mt carbon dioxide equivalent (CO_2 eq) units from all available mechanisms are estimated to be used towards its 2020 target. During the review, Australia explained that the estimated use of units from market-based mechanisms, reported in its BR1, was based on the projected impact of the

emissions trading scheme (ETS), which has been repealed. Australia is now focusing on domestic action to meet its emission reduction targets through the Emissions Reduction Fund (ERF), which has replaced the ETS. Australia further explained that the Government is yet to consider how the Party will use the carry-over of surplus assigned amount units (estimated to be 130,800 kt CO_2 eq) from the first commitment period of the Kyoto Protocol. The ERT is of the view that Australia should update the information of CTF table 2(e)i in the next BR submission in order to reflect these latest changes concerning the use of market-based mechanisms and surplus first commitment period assigned amount units towards its second commitment period target.

20. Currently, the Australian Government administers the National Carbon Offset Standard, which ensures that voluntary actions related to carbon neutrality claims are robust and credible. During the review, Australia explained that any voluntary action that is certified through the National Carbon Offset Standard is considered additional to the emission reduction targets. For that reason, Australia plans to cancel Kyoto Protocol units where Australian carbon credit units, generated by the Carbon Farming Initiative (CFI) or ERF projects, are voluntarily cancelled by participants in the National Carbon Offset Standard Carbon Neutral Program. This programme has been effective in supporting the growth of a strong voluntary carbon market in Australia. The ERT suggests that Australia describe the National Carbon Offset Standard Carbon Neutral Program and report on the emission reductions achieved through this programme in its next BR submission.

C. Progress made towards the achievement of the quantified economy-wide emission reduction target

21. In its BR1 and CTF tables 3 and 4, Australia reported information on its mitigation actions implemented and adopted since its fifth national communication (NC5) to achieve its target. Australia also reported on the use of units from market-based mechanisms and LULUCF to achieve its target.

22. The ERT reviewed the reported information and provided its assessment of progress made towards achieving the target. Concerning the progress made by Australia in achieving its target, the ERT noted that the total GHG emissions (without LULUCF) in 2012 increased by 11.0 per cent compared with the 2000 level. Afforestation, reforestation and deforestation (activities under Article 3, paragraph 3, of the Kyoto Protocol) are a net source and were equal to about 2.0 per cent of the total GHG emissions (without LULUCF) in 2012.[2] Emissions from deforestation were reduced by 68.5 per cent compared to 1990 levels (under the Convention accounting).

23. According to the sixth national communication (NC6) and BR1, the target will be met through a comprehensive set of domestic emission reduction policies, including the ETS and CFI. The ETS will set 'emissions caps' to ensure that Australia meets its 2020 and Kyoto Protocol targets. The ETS was forecast to drive the sourcing of international credits during the period 2015–2020. Under the ETS, liable entities were not allowed to use international credits during the fixed price period (first two years). For 2020, it was estimated that 100,000 kt CO_2 eq of emission abatement from overseas will be used.

[2] The target by Australia is expressed using the GWP values from the Fourth Assessment Report (AR4) of the IPCC, while emission levels are assessed using the values from the IPCC AR2, as per the "Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual greenhouse gas inventories". However, the abatement task of the Party for the years 2013–2020 is estimated using the GWP values from the IPCC AR4.

24. During the review, Australia informed the ERT that the ETS, which was reported in its NC6/BR1 as the primary means by which Australia will meet its targets, has been repealed. The Australian Government's current primary climate change mitigation measure is the Direct Action Plan. This plan introduces the ERF as the centrepiece of the Government's climate action policy (see chapter II.B of the IDR/NC6).

25. In response to a question raised by the ERT during the review, Australia explained that the anticipated mitigation potential of each economic sector participating in the ERF and the aggregated mitigation potential of the ERF have not been published by the Government. However, Australia mentioned that the Government strongly supports this measure and has allocated Australian dollars (AUD) 2.55 billion to the ERF, with further funding to be considered in future budgets.

26. According to the latest official update of projections (the '2013 projections' scenario), the mitigation effort[3] of Australia for the period 2013–2020 (the 5 per cent target) was estimated to equate to an mitigation effort for 2020 of 131,000 kt CO_2 eq. The mitigation effort is defined as the additional mitigation effort that Australia should take compared with the historical and ongoing abatement from a range of policies and measures (PaMs) that have been in place up to 2013, and the Renewable Energy Target (RET) and existing energy efficiency measures. The ERT noted the detailed description and analysis of Australia's emissions mitigation effort for the years 2013–2020.

27. The information provided by Australia indicates that the achievement of the 2020 target is strongly dependent on the potential of the mitigation effects and the success of the Direct Action Plan and, especially, the ERF. The ERT cannot assess whether the ERF could cover the estimated mitigation effort of Australia for the years 2013–2020, as there is no published information about the anticipated mitigation potential of the ERF and the mitigation potential of each economic sector participating in the ERF. This introduced a level of uncertainty on whether and how the target would be met. The ERT is of the view that Australia should report in its next BR submission the estimated mitigation effect of the current PaMs and an assessment of whether their aggregated effect is enough to cover the emission mitigation effort in order to meet the 2020 target.

1. Mitigation actions and their effects

28. Australia has provided in its BR1 information on its package of mitigation actions introduced to achieve its target. The BR1 provided information on mitigation actions organized by sector and by gas. A detailed review of the reported information is provided in chapter II.B of the IDR/NC6.

29. The ERT noted that the BR1 contained textual descriptions of a more limited number of PaMs than those included in the NC6. In the BR1, Australia only included the PaMs where the mitigation effect has been quantified, and Australia has undertaken far more mitigation actions than those described in the BR1. The ERT recommends that Australia improve transparency of reporting by providing information in its next BR submission on a wider range of PaMs, even though their mitigation effects are not quantified.

30. Owing to the change in Government, the main PaM (the ETS) has been repealed and replaced by the ERF under the Direct Action Plan. The effect of the ERF was not quantified at the time of this review. A more detailed review of the reported information is provided in chapter II.B of the IDR/NC6. Table 2 provides a concise summary of the key mitigation

[3] During the review, Australia referred to this as "abatement tasks". In this report, "mitigation effort" is used instead.

actions implemented by Australia to achieve its target, as reported in CTF table 3 of the BR1.

Table 2
Summary of information on mitigation actions reported by Australia

Sectors affected	*List of key mitigation actions*	*Estimate of mitigation impact (kt CO_2 eq)*
Policy framework and cross-sectoral measures		
	Carbon pricing emissions trading scheme[a]	148 300[b]
	Carbon Farming Initiative	7 200
	Greenhouse Gas Abatement Scheme	1 000
	Greenhouse friendly	300
Transport	Smart Travel	400
Forestry	Queensland and New South Wales land clearing legislation	18 400

Note: The greenhouse gas reduction estimates, given for some measures are reductions in carbon dioxide or carbon dioxide equivalent for 2020.

[a] The emissions trading system (ETS) was repealed in 2014 and was therefore only in operation for a short time. The mitigation impact for 2020 assumed that the scheme would be in effect until 2020. The Emissions Reduction Fund (ERF) is being put in place instead of the ETS. The mitigation effect of these policies has not yet been estimated and will depend on the final design of all elements of the ERF which will be settled in 2015. It will also be influenced by methods and the projects which come forward to auction under them. It is anticipated that the first auction under the ERF will be held in 2015.

31. Australia provided information on changes in its domestic institutional arrangements, including institutional, legal, administrative and procedural arrangements used for domestic compliance, monitoring, reporting, archiving of information and evaluation of the progress towards its target. The main change described is the passage of the Clean Energy Act. However, since the submission of the BR1, the change in Government has meant that the Clean Energy Act has been repealed. During the review, Australia provided information on the changes that have occurred since the submission of its BR1, including on the Direct Action Plan and the ERF. The ERT found the information provided by Australia in the BR1 to be transparent.

32. Australia did not provide information on the assessment of the economic and social consequences of response measures. During the review, Australia provided information as detailed in chapter III.B of the IDR/NC6. The ERT encourages Australia to report the information as provided to the ERT during the review in its next BR submission.

2. Estimates of emission reductions and removals and the use of units from the market-based mechanisms and land use, land-use change and forestry

33. Australia reported in its BR1 and CTF table 4 on its plans to use market-based mechanisms under the Convention and on the contribution from LULUCF. As the 2020 target under the Convention for Australia is consistent with its target for the second commitment period under the Kyoto Protocol, and given that the rules for the use of credits from market-based mechanisms are still under negotiation in its BR1 Australia used statistics from its compliance with the Kyoto Protocol targets to demonstrate its progress towards achieving the 2020 target under the Convention. Australia expects to meet the first commitment period of the Kyoto Protocol with domestic efforts alone. For that reason, in the BR1, the use of market-based mechanisms for the reported years 2011–2012 was

reported to be zero. During the review, Australia also explained that it will not transfer any international units to the retirement account of the national registry.

34. In the BR1, Australia reported on emissions and removals from LULUCF in relation to activities under Article 3, paragraph 3, of the Kyoto Protocol for the years 2008–2011. Activities under Article 3, paragraph 4, were reported as "not applicable", because they were not elected for accounting under the first commitment period of the Kyoto Protocol. However, Australia will account for forest management, cropland management, grazing land management and revegetation for its target under the Convention. Australia will not account for wetland drainage and rewetting. According to the 2014 inventory submission of Australia, the contribution of activities under Article 3, paragraph 3, of the Kyoto Protocol is estimated to amount to emissions of 115,625.56 kt CO_2 eq during the first commitment period (or mean annual emissions of 23,125.11 kt CO_2 eq for the period 2008–2012). Table 3 illustrates how Australia reported on the use of units from market-based mechanisms and LULUCF to achieve its target.

Table 3
Summary information on the use of units from the market-based mechanisms and land use, land-use change and forestry as part of the reporting on the progress made towards achievement of the target by Australia

Year	*Emissions excluding LULUCF*[a] *(kt CO_2 eq)*	*LULUCF*[b,c] *emissions/removals (kt CO_2 eq)*	*Emissions including LULUCF (kt CO_2 eq)*[d]	*Use of units from the market-based mechanisms*[e] *(kt CO_2 eq)*
Base year (2000)	469 812.92	71 320.00	561 132.92	NA
1990	414 973.70	NR	NR	NA
2010	540 210.87	26 171.95	566 382.82	0.0
2011	541 542.76	13 196.97	554 739.73	0.0
2012	543 648.45	10 660.21	554 308.66	0.0

Abbreviations: LULUCF = land use, land-use change and forestry, NA = not applicable, NR = not reported.

[a] The emissions/removals from the 2014 greenhouse gas inventory submission are included in this column.

[b] The net effect of emission/removals from the activities afforestation, reforestation and deforestation under Article 3, paragraph 3, of the Kyoto Protocol are reported in this column because these are the only LULUCF activities that affect the Party's target for the first commitment period of the Kyoto Protocol. However, the Party will also account for emissions/removals from forest management and all the electable activities under Article 3, paragraph 4, of the Kyoto Protocol for the quantified economy-wide emission reduction target.

[c] The emissions/removals for the years 2010–2012 of this column are obtained from the Kyoto Protocol common reporting format tables from the 2014 greenhouse gas inventory submission. Credits from units of land harvested since the beginning of the first commitment period of the Kyoto Protocol are not included. The emissions/removals for 2000 are obtained from common tabular format table 4.

[d] The data presented in this column are the summation of the previous two columns.

[e] The Party will not use any units from market-based mechanisms during the first commitment period of the Kyoto Protocol.

3. Projections

35. Australia has provided in its BR1 and CTF tables 5 and 6 comprehensive and well-organized information on its projections for 2020 and 2030. A detailed review of the reported information is provided in chapter II.C of the IDR/NC6.

36. The 'with measures' projections scenario reported in the BR1 includes the effect of the ETS, which was the main mitigation policy of Australia at the time when the BR1 was compiled. However, the ETS was repealed in July 2014 and will be replaced by the Direct Action Plan, the centrepiece of which is the ERF (see chapter II.B of the IDR/NC6). The

current official '2013 projections' scenario, which was provided to the ERT during the review, does not include the mitigation effect of CFI and the new measures under the Direct Action Plan, which will be the main mitigation policies of Australia in order to reach the 2020 targets. The mitigation effect of these policies has not yet been estimated and will depend on the final design of all elements of the ERF which will be settled in 2015. It will also be influenced by methods and the projects which come forward to auction under them. It is anticipated that the first auction under the ERF will be held in 2015.

37. The ERT noted that the description of the factors and key assumptions behind projections scenarios was only qualitative, with the exception of the key assumptions included in the CTF table 5 (annex A of the NC6). However, these variables do not cover all emissions sources. During the review, Australia provided the ERT with information on the trends up to 2030 for the majority of the key underlining assumptions per sector. To provide the reader with a better understanding of the emission trends of the years 1990–2030, the ERT recommends that Australia improve transparency of its reporting by providing in its next BR submission quantitative information about the factors and key assumptions made during the modelling of projections for each sector.

38. In its BR1, Australia did not provide a projections scenario indicating the pathway to achieve its conditional 2020 targets under the Convention, which should be directly linked with a set of additional planned PaMs. The ERT encourages the Party to report in its next BR submission projections with a 'with additional measures' scenario, which could indicate the trajectory of emissions, along with information about key factors and activities for meeting these targets. The 'with additional measures' scenario could also be directly linked with the additional planned PaMs that would be needed to achieve the conditional 2020 target.

39. The ERT noted information reported by Australia on projected emission trends by 2020. According to the '2013 projections' scenario, the projected emission trend without LULUCF is 28.3 per cent above the base year (2000) by 2020, while the target is 5 per cent below the base year. LULUCF emissions from activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol are projected to reach 30,000 kt CO_2 eq in 2020. This will bring the total emissions to 17.4 per cent above the base year.

40. The ERT noted that the modelling approach in the BR1 has improved compared with that reported in the NC5. For example, projections of fugitive emissions are prepared by a new bottom-up model for oil and gas developed in-house; and for the LULUCF sector, the Party used a revised in-house model to take account of new land clearing observations, updated estimates of long-term average biomass densities and the effect of the farmers' terms of trade on land clearing. The ERT is of the view that the capacity and institutional arrangements related to the preparation of projections of Australia ensure the high quality of projection scenarios and their ongoing improvement.

41. The ERT considers it important that Australia presents in its next BR projection scenarios that take into account important developments in the field of climate policy such as:

(a) The main mitigation policy of Australia, reported in the NC6, was the ETS, which has been repealed and replaced mainly by the ERF;

(b) As of early 2015, the Government is negotiating changes to the RET scheme with its Parliamentary counterparts and any change to the legislated targets would affect the projected emissions for 2020 and 2030;

(c) The emission trends of historical years, according to the latest available GHG inventory data (included in the *Quarterly Update of AUS National GHG inventory: March 2014*), present some inconsistencies compared with the trends of projected emissions

included in the '2013 projections' scenario. For example, according to the *Quarterly Update*, the total emissions decreased by 1.1 per cent in the 2013–2014 projection year (i.e. March 2013–March 2014) compared with the 2012–2013 projection year (i.e. March 2012–March 2013), while the projected emissions according to the '2013 projections' scenario are estimated to increase during the same period.

42. During the review, Australia replied that the '2014 projections' have yet to be released and are currently planned to be released in the first quarter of 2015.

43. The ERT suggests that Australia report in its next BR submission an assessment of whether it will meet its target based on the recent changes of domestic GHG mitigation policies and the updated estimates about the use of market-based mechanisms and carry-overs.

D. Provision of financial, technological and capacity-building support to developing country Parties

1. Provision of support to developing country Parties

44. In its BR1 and CTF table 7, Australia reported information on the provision of financial, technological and capacity-building support required under the Convention. The information is considered to be mostly complete and mostly transparent.

45. In its BR1, Australia reported that in the 2010–2011 and 2011–2012 fiscal years, it provided USD 162.94 million and USD 200.73 million of financial assistance, respectively, all of which was classified as official development assistance (ODA). The financial support provided by Australia is distributed evenly between mitigation and adaptation. The ERT noted that more than half of the financial contribution was dedicated to cross-cutting areas in the fiscal year of 2011–2012.

46. The ERT noted that there is a slight inconsistency between the CTF table included in the BR1 as the annex to the NC6 and the CTF tables submitted separately after the submission of the NC6. During the review, Australia further explained that this is due to the technical problems with the online CTF tables.

47. The ERT noted a lack of clarity in the BR1 on how the "new and additional" financial resources were determined. During the review, Australia provided written explanations on how the "new and additional" financial resources were defined. Australia's budget process operates on annual appropriations. Accordingly, for the purposes of Australia's budget processes, all contributed finance in a particular financial year is "new and additional" to finance provided in previous financial years. The average annual financial support in the reporting years increased significantly in comparison with the previous financial years. The ERT recommends that Australia improve the transparency of reporting by including information explicitly in its next BR to show how its financial resources support is "new and additional".

48. In addressing the needs of developing countries, Australia supports a country-driven approach to ensure that the resources provided effectively address the needs of Parties not included in Annex I to the Convention (non-Annex I Parties). The ERT recommends that Australia provides more information, to the extent possible, on how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation.

49. In its BR1, Australia did not provide information on private financial flows leveraged by bilateral climate finance. Australia reported that it is partnering with a range of developed countries and international organizations to identify, test and propose

methodologies to track and attribute mobilized private finance flows to climate-relevant projects in developing countries through the Organisation for Economic Co-operation and Development Research Collaborative on Tracking Private Climate Finance. The outcomes of this research project could assist developed countries to track and attribute private finance flows mobilized by their public investments in the future. Should it be available, the ERT suggests that Australia use the tool being developed to track and report private climate finance in its next BR. Table 4 includes some information reported by Australia on its provision of financial support.

Table 4
Summary of information on provision of financial support in 2011–2012
(Millions of United States dollars)

	Years (fiscal) of disbursement	
Allocation channel of public financial support	*2010–2011*	*2011–2012*
Official development assistance[a]	4 301.70	4 822.30
Climate-specific contributions through multilateral channels, including:	65.18	69.79
Contributions to the Global Environment Facility	7.54	7.93
Contributions through United Nations bodies	0.88	0.89
Climate-specific contributions through bilateral, regional and other channels	97.77	147.41

[a] Query Wizard for International Development Statistics, available at <http://stats.oecd.org/qwids/>.

2. Approach used to track support provided

50. In its BR1, Australia provided detailed information on its financial recourses provided in the fiscal years of 2010–2011 and 2011–2012 in both Australian dollars and United States dollars. All the financial support amounts are reported as being provided through grants and classified as ODA.

51. The financial contribution was allocated evenly to adaptation and mitigation. Forestry is the key area of mitigation support provided by Australia. More than 80 per cent of financial resources provided through bilateral channels is allocated to countries in the Pacific region. The climate-specific financial support provided by Australia had increased by around 33 per cent in the reporting period from 2011 to 2012.

52. Regarding the approach used to track financial support, Australia reported that its climate change finance was tracked by the Australian Agency for International Development (now the Department of Foreign Affairs and Trade), using its Aidworks aid initiative. In the BR1, Australia reported on its aid activities where the principal purpose is climate change. During the reporting period, Australia's climate finance came from distinct budget measures that were tracked, monitored and reported on.

53. With regard to the most recent financial contributions to enhance the implementation of the Convention by developing countries, Australia committed AUD 599 million fast-start finance during the three fiscal years of 2010–2011, 2011–2012 and 2012–2013.

3. Technology development and transfer

54. In its BR1 and CTF table 8, Australia has provided information on activities related to the transfer of technology to developing countries, including information on the public and private sectors. Textual descriptions on these activities are presented in chapter 7 of the NC6.

55. In CTF table 8, Australia provided information on the recipient country, the target area of mitigation or adaptation, the sector involved and the sources of technology transfer from the public or private sectors. The ERT noted that most activities are multilateral technology cooperation initiatives in the energy area.

56. However, information was not provided on the distinction between activities targeting non-Annex I Parties and those targeting broader recipient countries. In addition, the information does not demonstrate how the support provided is related to the promotion, facilitation and financing of the transfer of, or access to, environmentally sound technologies to developing countries. During the review week, Australia provided relevant information in this regard.

57. The ERT also noted that the activities reported concern both private and public sectors. However, the information provided does not distinguish between activities undertaken by the public and private sectors. In its BR1, Australia did not provide success and failure stories related to technology development and transfer. During the review week, Australia provided information on lessons learned, experience and recommendations from technology transfer work and successful project examples.

58. The ERT recommends that Australia provide distinct information on measures related to the promotion, facilitation and financing of the transfer of, or access to, environmentally sound technologies to developing countries from the information on its activities on broader technology cooperation. The ERT encourages Australia to report on successful and/or failure stories in the technology transfer section of its next BR submission.

4. Capacity-building

59. In its BR1 and CTF table 9, Australia presents information on how it has provided capacity-building support for mitigation, adaptation and technology. Australia has also made a reference to the NC6 where a specific section was dedicated to provide textual information on its activities to provide capacity-building activities to developing countries.

60. The ERT noted that the capacity-building activities reported in the BR1 cover areas of mitigation and adaptation and focus on developing countries in the Pacific region. Examples include: the Pacific Australia Climate Change Science Program and the Adaptation Planning programme to build the capacity of Pacific Island countries to manage future climate risk and the Low Emission Capacity Building Program to strengthen institutional and technical capacity in measurement, reporting and verification systems, nationally appropriate mitigation actions and the Low Emission Development Strategy.

61. The ERT also noted there is a lack of specific information on how these provisions of capacity-building support respond to the existing and emerging capacity-building needs identified by non-Annex I Parties. During the review week, Australia provided this information. The ERT recommends that Australia include, to the extent possible, information on how the needs identified by non-Annex I Parties have been considered in its next BR submission.

III. Conclusions

62. The ERT conducted a technical review of the information reported in the BR1 and CTF tables of Australia in accordance with the UNFCCC reporting guidelines on BRs. The ERT concludes that the BR1 provides a good overview of information on emissions and removals related to the quantified economy-wide emission reduction target, a description of the target, progress made by Australia to achieve its target and provision of support to developing country Parties.

63. During the review, Australia provided additional information on: assumptions, conditions and methodologies related to the attainment of the target (GWPs, LULUCF accounting, use of units from carry-over and market-based mechanisms); progress made towards the achievement of the target (repeal of the ETS, with replacement by the Direct Action Plan, the centrepiece of which is the ERF); and projections ('2013 projections').

64. Australia's emissions and removals related to the targets were estimated for 2012 to be 31.0 per cent above its 1990 level excluding LULUCF and 2.4 per cent above the 1990 level including LULUCF. Emission increases were owing to strong economic and population growth, continued reliance on fossil fuels for the primary energy supply and growing commodity exports. These factors outweighed improvements in the efficiency of energy supply and use.

65. Australia has committed to a target of 5 per cent by 2020 compared with the 2000 level. Australia reported in the BR1 two conditional, more ambitious, emission reduction targets of between 5 and 15 per cent or 25 per cent by 2020 compared with the 2000 level based on strict conditions relating to the extent of global action. The unconditional target is considered by Australia to be consistent with a QELRO under the second commitment period of the Kyoto Protocol of 99.5 per cent of the 1990 emissions over the period 2013–2020. Australia's 'Clean Energy Legislation' contains a long-term target to reduce Australia's carbon emissions by 80 per cent in 2050 compared with 2000.

66. The target covers all gases (i.e. CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3) and all sectors (i.e. energy, transport, industrial processes, agriculture, LULUCF and waste), and was set based on GWPs from the IPCC AR2. The activity-based approach to counting emissions and removals from the LULUCF sector will be followed. Australia will account for the activities including afforestation/reforestation, deforestation, forest management, cropland management, grazing land management and revegetation. No decision has been made on the possible use of units from carry-over and market-based mechanisms, but the focus is on domestic reductions.

67. According to the current official emission projections of Australia (i.e. the '2013 projections' scenario), emissions (without LULUCF) are projected to be 28.3 per cent above the base year (2000) level by 2020, while the target is 5.0 per cent below the base year. The 5 per cent reduction target for the year 2020 was estimated by Australia to equate to a mitigation effort of 131,000 kt CO_2 eq.

68. The ETS, which was reported in the BR1 as the primary means by which Australia will meet its targets, was repealed in July 2014. The Australian Government's current primary climate change mitigation measure is the Direct Action Plan that introduces the ERF. The ERF is the centrepiece of the current Government's climate action policy. The information provided by Australia indicates that the achievement of the 2020 target is strongly dependent on the potential of the mitigation effect and the success of the Direct Action Plan and especially the ERF. The ERT cannot assess whether the ERF could cover the estimated mitigation effort of Australia of 2020, as there is no published information about the anticipated mitigation potential of the ERF and the mitigation potential of each economic sector participating in the ERF. The mitigation effect of these policies has not yet been estimated and will depend on the final design of all elements of the ERF which will be settled in 2015. It will also be influenced by methods and the projects which come forward to auction under them. It is anticipated that the first auction under the ERF will be held in 2015.

69. Australia reported that the climate finance resources it provides is balanced between mitigation and adaptation. The financial resources reported are fully budgeted and prioritized towards countries that are most vulnerable to climate change, in particular those in the Asia–Pacific region. The average annual financial support in the reporting years increased significantly in comparison with the previous fiscal years. Australia's budget

process operates on annual appropriations and all contributed finance in a particular financial year is "new and additional" to finance provided in previous financial years. In the course of the review, the ERT formulated several recommendations relating to the completeness and transparency of Australia's reporting under the Convention. The key recommendations[4] are that Australia:

(a) Improve the timeliness of its submission of the CTF tables;

(b) Improve the transparency of reporting by including in the next BR the following:

(i) Information on a wider range of PaMs, even though their mitigation effects are not quantified;

(ii) Quantitative information about the factors and key assumptions made during the modelling of projections for each sector, including specifying how the RET and energy efficiency measures have been considered in the emissions scenarios;

(iii) Clarifications on how the "new and additional" financial resources are determined;

(iv) To the extent possible, information on how Australia seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation;

(v) Distinct information on measures related to the promotion, facilitation and financing of the transfer of, or access to, environmentally sound technologies to developing countries from the information on its activities on broader technology cooperation;

(vi) To the extent possible, information on how the needs identified by non-Annex I Parties have been considered in relation to capacity-building.

[4] The recommendations are given in full in the relevant sections of this report.

Annex

Documents and information used during the review

A. Reference documents

"UNFCCC biennial reporting guidelines for developed country Parties". Annex to decision 2/CP.17. Available at <http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf#page=4>.

"Guidelines for the technical review of information reported under the Convention related to greenhouse gas inventories, biennial reports and national communications by Parties included in Annex I to the Convention". Decision 23/CP.19. Available at <http://unfccc.int/resource/docs/2013/cop19/eng/10a02.pdf#page=20>.

FCCC/ARR/2013/AUS. Report of the individual review of the annual submission of Australia submitted in 2013. Available at <http://unfccc.int/resource/docs/2014/arr/aus.pdf>.

FCCC/IRR/2009/AUS. Report of the review of the initial report of Australia. Available at <http://unfccc.int/resource/docs/2009/irr/aus.pdf>.

FCCC/IDR.5/AUS. Report of the in-depth review of the fifth national communication of Australia. Available at <http://unfccc.int/resource/docs/2011/idr/aus05.pdf>.

Sixth national communication of Australia. Available at <http://unfccc.int/files/national_reports/annex_i_natcom_/application/pdf/aus_nc6.pdf>.

First biennial report of Australia. Available at <http://unfccc.int/files/national_reports/annex_i_natcom_/application/pdf/aus_nc6.pdf>.

2013 GHG inventory submission of Australia. Available at <http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/7383.php>.

2014 GHG inventory submission of Australia. Available at <http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/8108.php>.

B. Additional information provided by the Party

Responses to questions during the review were received from Ms. Kym Moore (Department of Environment), including additional material on updated policies and measures, greenhouse gas projections, the national registry, response measures, financial support and recent climate policy developments in Australia. The following documents[1] were also provided by Australia:

Commonwealth of Australia (Clean Energy Regulator) 2012. *About the Renewable Energy Target*. Canberra.

Commonwealth of Australia 2011. Strong Growth, Low Pollution: Modelling a carbon price. Canberra.

[1] Reproduced as received from the Party.

Commonwealth of Australia 2012. Australia's Emissions Projections 2012. Canberra.

Commonwealth of Australia 2013. *Australia's Abatement Task and 2013 Emissions Projections*. Canberra.

Commonwealth of Australia 2013. Australian Land Use, Land Use Change and Forestry Emissions Projections to 2030. Canberra.

Commonwealth of Australia 2013. The impact of Kyoto accounting changes on the QELRO and targets. Canberra.

Commonwealth of Australia 2013. Climate Change Mitigation Scenarios: Modelling report provided to the Climate Change Authority in support of its Caps and Targets Review. Canberra.

Commonwealth of Australia 2014. *Emissions Reduction Fund White Paper*. Canberra.

Commonwealth of Australia (Climate Change Authority) 2014. Reducing Australia's Greenhouse Gas Emissions - Targets and Progress Review. Melbourne.

Commonwealth of Australia 2014. Energy White Paper – Green Paper. Canberra.